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June 28, 2005

E-mail: comments@FDIC.gov.
Subject: Docket Number OP-1227
Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

E-mail. regs.comments@federalreserve gov
Subject· Docket Number OP-1227
Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Mr. Feldman and Ms. Johnson:

The Interagency Proposal of the Classification of Commercial Credit Exposures greatly concerns me when I weigh the cost of implementation vs. benefits received. We are a state chartered bank examined by both the Iowa Division of Banking as well as the FDIC. Examiners for both agencies discuss classified credits with the loan officers, bank managers, senior credit administrators, and senior bank management. It appears to me that examiners as well as bankers are very clear on those classifications. More importantly, as a 26 + year banker, I have always felt that State, as well as FDIC examiners, have been consistent in accurately identifying a loss exposure. This consistency has also aided the bank management in internally being consistent in identifying loss exposures.

Implementation of this proposal will produce significant costs for banks and credit administration systems, loan policy and procedures, administration and collection procedures, as well as the methodology for analysis of the adequacy of the reserve for loan and lease losses. The result in ratings created in the proposal is no more clear and reasonable than the ratings generated by the current system. Almost all bankers and regulators understand the current system. If the system isn't broken, why fix it? The proposed classification scheme is complicated and burdensome; it may have some merit for large, complex banking organizations. However, for the average bank, I do not believe the merits outweigh the costs.

I urge the Agencies to refrain from implementing this proposal. If you proceed with this proposal, I would hope you would strongly consider restricting it to large, complex banking organizations. There is no valid reason to impose a new commercial loan classification system when the existing classification system is working satisfactorily.

Sincerely,

Brenda J. Schutjer

Brenda J Schutjer
AVP